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United States Department of Agriculture, Department of Agriculture
Agricultural Adjustment Administration
Washington, D.C.

March 31, 1938

MEMORANDUM FOR STATE EXECUTIVE OFFICERS
Northeast Region

Re: Farm Security Administration Loans

Some weeks ago we sent you a memorandum with respect to the Farm Security Administration making loans to farmers participating in the 1938 Agricultural Conservation Program for the purchase of materials to be used in carrying out approved soil-building practices. Following more recent discussions with representatives of the Farm Security Administration, we are informed that there will be available, for the purpose of making these loans, more money than was originally determined to be available. It now appears that there will be sufficient funds within reasonable limits with which to take care of all applicants who may be certified as eligible for these loans. The procedure for making these loans and the determination of the producers who are eligible will be substantially in accordance with the instructions issued in 1937 in the memorandum of March 22, 1937.

In order, however, that there may be no misunderstanding with respect to the procedure to be followed, the following instructions will apply:

1. Eligibility - Loans will be made only to farmers who meet the following qualifications:

a. Those farmers who without such a loan would be unable to participate in the program because of inability to finance the purchase of materials necessary in order to carry out soil-building practices - that is, farmers who do not have funds of their own with which to finance purchases and for whom private financing is not available.

b. Farmers to whom the Farm Security Administration will feel justified in making an emergency loan upon the basis of the county committee's certification with respect to character and integrity.

c. Farmers who agree to use the full amount of the loan for the purchase of material to be used in carrying out approved soil-building practices.

d. Farmers who have not executed and agree not to execute an assignment of their payment other than to Farm Security Administration.

2. Each farmer who applies for a loan must have first filed for his farm a NER-102 showing his 1936 and 1937 acreages and a NER-208 showing the soil-building practices which he intends to carry out in 1938 and any other data necessary in order to compute his total payment for full performance.

3. The county committee will fill out Form ACP-72, "Farm Security Administration Loan Report", in quintuplicate to be distributed as indicated at the bottom of the form. On this form the county committee will indicate the prospective maximum allotment payment, soil-building payment, total payment for the farm, and the soil-building goal. The county committee will also indicate in the spaces provided in the form all of the approved soil-building practices which the farmer has indicated he intends to carry out in 1938, showing the amount of materials to be purchased for such practices and the estimated cost of such materials. At the bottom of this form the county committee will indicate its recommendation and approval with respect to the amount of the loan.

4. Each applicant is required to execute an assignment (Form ACP-69) in favor of the Farm Security Administration.

5. The amount of the loan recommended by the county committee shall not exceed:

a. On allotment farms:

- (1) 60 percent of the estimated maximum allotment payment plus 85 percent of the estimated soil-building goal payment; or
- (2) 100 percent of the estimated cost of materials to be purchased in order to carry out the intended soil-building practices, whichever is smaller.

b. On non-allotment farms:

- (1) 85 percent of the estimated maximum soil-building goal payment; or
- (2) 100 percent of the estimated cost of materials to be purchased in order to carry out the intended soil-building practices, whichever is smaller.

Acceptance of an application for a loan in excess of \$200 is subject to approval by the Regional Office of the Farm Security Administration. Such applications should be accompanied by a county committee statement justifying the amount of loan for which application is made.

6. The Farm Security Administration will reserve the privilege of rejecting applications from farmers to whom a similar loan was made last year but from whom no repayment has as yet been received.

7. Each State office will be furnished, for distribution to the county offices, a supply of Form ACP-72 by this office and a supply of the following Farm Security Administration forms to be used in connection with these loans:

- a. Form RA-Fi-5 or RA-Fi-5 Revised, "Public Voucher".
- b. Form RA-RR-15 or FSA-RR-15, "Loan Agreement and Request for Funds".
- c. Form FSA-Le-31BX, "Promissory Note". (For Pennsylvania Form FSA-Le-31.36X, "Bond", will be used instead of note.)

It will be permissible to use any supply you have on hand now of RA-Fi-5 or RA-RR-15, but do not use any of your present supply of RA-Le-31B, "Promissory Note". A new note form (bond form in Pennsylvania) will be supplied by the Farm Security Administration.

Each producer applying for a loan will execute and file with the county committee the above three forms in accordance with instructions to be supplied by the Farm Security Administration through our State offices.

8. After these forms are executed the county office will forward the complete file (Form RA-Fi-5 or Ra-Fi-5 Revised, Form FSA-RR-15, Form FSA-Le-31BX (Form FSA-Le-31.36X for Pennsylvania instead of note), Form ACP-69, and Form ACP-72) for each case to the local Farm Security supervisor who will in turn forward them to the Regional Office of the Farm Security Administration. Upon approval of the loan by the Farm Security Administration, the check will be mailed to the local Farm Security supervisor for delivery to the producer.

In connection with these loans, it will not be necessary for the Farm Security Administration to make an investigation of each case. The determination of whether or not the loan is made will depend upon the report made by our own county committee. The notes covering these loans will be payable upon demand with interest at 5 percent during the effective period of the loan. The loans are to be repaid when payment covering performance under the 1938 Agricultural Conservation Program is made by the Agricultural Adjustment Administration. This will be handled in the same manner as last year by means of a joint payee check.

Each State Executive Officer will be supplied, in the near future, with a list of the names and addresses of each local Farm Security Administration supervisor, with the territory served by each. It is requested that you furnish as soon as possible to the State Farm Security Administration office for your State a list showing the addresses of each of your county offices.

IMPORTANT- In order that you may be supplied with an adequate number of forms, will you kindly notify this office at the earliest possible date of:

1. Your estimate of the number of loans which may be made in your State.
2. The number of any of the above listed forms supplied in 1937 and now on hand available for use.

A. W. Manchester

A. W. Manchester,
Director, Northeast Division.